



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

Samuel K. Pate, Jr., Registration Number 16211-033
USP Hazelton
U.S. Penitentiary
P.O. Box 2000
Bruceton Mills, WV 26525

SEP 01 2016

RE: MUR 6980

Dear Mr. Pate:

On August 24, 2016, the Federal Election Commission accepted the signed conciliation agreement submitted by you to resolve violations of 52 U.S.C. §§ 30102(b)(3) and 30114 in connection with converting campaign funds to personal use and commingling campaign funds with personal funds. Accordingly, the file in this matter is now closed.

Documents related to the case will be placed on the public record within 30 days. See Statement of Policy Regarding Disclosure of Closed Enforcement and Related Files, 68 Fed. Reg. 70,426 (Dec. 18, 2003); Statement of Policy Regarding Placing First General Counsel's Reports on the Public Record, 74 Fed. Reg. 66,132 (Dec. 14, 2009). Information derived in connection with any conciliation attempt will not become public without the written consent of the respondent and the Commission. See 52 U.S.C. § 30109(a)(4)(B).

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please do not hesitate to contact me at (202) 694-1372.

Sincerely,

A handwritten signature in black ink, appearing to read "Roy Q. Lockett".

Roy Q. Lockett
Attorney, Enforcement Division

Enclosure
Conciliation Agreement

RECEIVED
FEDERAL ELECTION
COMMISSION

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of

Samuel K. Pate, Jr.

OFFICE OF GENERAL COUNSEL
6980

CONCILIATION AGREEMENT

This matter was initiated by the Federal Election Commission (the "Commission"), pursuant to information ascertained in the normal course of carrying out its supervisory responsibilities. The Commission found reason to believe that Samuel K. Pate, Jr., ("Respondent") knowingly and willfully violated 52 U.S.C. §§ 30102(b)(3) and 30114.

NOW, THEREFORE, the Commission and Respondent, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over Respondent and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 52 U.S.C. § 30109(a)(4)(A)(i).

II. Respondent has had a reasonable opportunity to demonstrate that no action should be taken in this matter.

III. Respondent enters voluntarily into this agreement with the Commission.

IV. The pertinent facts in this matter are as follows:

1. McConnell Senate Committee (the "McConnell Committee"), the House Conservatives Fund ("HCF"), and David Vitter for U.S. Senate (the "Vitter Committee") are political committees within the meaning of 52 U.S.C. § 30101(4).

1 2. Samuel K. Pate, Jr., worked as a vendor for the McConnell Committee, HCF, and
2 the Vitter Committee. Pate was responsible for processing contributions to the committees
3 received through direct mail and maintaining donor records required by the Commission. The
4 committees received contributions through the mail at their local offices, and the donations were
5 automatically forwarded through the mail to Pate to process. Pate was required to deposit the
6 donations into specifically designated accounts and then prepare a list of contributors and
7 contribution amounts for the committees. Pate maintained designated bank accounts at BB&T
8 bank for the political committees, purportedly for the deposit of contributions. Pate had
9 signature authority on the bank accounts and maintained records for all contributions.

10 3. Pate routinely misappropriated his clients' funds by diverting funds from their
11 designated accounts or transferring funds from client accounts into other bank accounts he
12 controlled. Specifically, Pate misappropriated contributions totaling \$588,954 that were
13 intended for the McConnell Committee (\$118,294), HCF (\$30,614), and the Vitter Committee
14 (\$440,046).

15 4. Pate used the stolen and misappropriated funds to, among other things, pay credit
16 card bills, purchase vehicles, purchase a condominium, decorate a residence, pay family
17 members, and pay general purpose personal expenses.

18 5. Pate also used the stolen and misappropriated funds to make deposits into his
19 American Express savings account.

20 6. The Federal Election Campaign Act of 1971, as amended, (the "Act") and
21 Commission regulations prohibit any person from converting contributions to a federal candidate
22 to personal use, 52 U.S.C. § 30114(b)(1), and further require that all funds of a political

committee be "segregated from, and may not be commingled with, the personal funds of any individual." *Id.* § 30102(b)(3).

7. A knowing and willful violation of the Act requires full knowledge of all of the relevant facts and a recognition that the action is prohibited by law.

8. The fact that Pate sought to conceal his activities through the use of separate "ghost" accounts without his clients' knowledge, and operated for several years as a vendor specifically to federal political committees, together evidence that he acted in contravention of his known legal obligations.

V. Respondent committed the following violations:

1. Respondent knowingly and willfully violated 52 U.S.C. § 30102(b)(3) by mixing the committees' funds with his personal funds.

2. Respondent knowingly and willfully violated 52 U.S.C. § 30114 by converting campaign funds to personal use.

VI. Respondent will cease and desist from violating 52 U.S.C. §§ 30102(b)(3) and 30114.

VII. Respondent Samuel K. Pate, Jr., through the submission of financial documentation to the Commission and additional representations, has indicated that financial hardship prevents him from paying any civil penalty to the Commission. On August 10, 2015, Pate pleaded guilty to mail fraud (18 U.S.C. § 1341) and was sentenced to 24 months in prison and ordered to pay \$1,124,074 in restitution and a \$75,000 fine. Pate is currently serving his prison sentence. The Commission regards these submissions and presentations as material representations. Due to Pate's financial condition, the Commission agrees to depart from the civil penalty that it would normally seek for the violations at issue, and the Commission agrees that no civil penalty shall be due. If evidence is uncovered indicating Respondent's financial condition is not as stated, a civil penalty of Eight

1 Hundred Eighty-Three Thousand Dollars (\$883,000) shall be immediately due, pursuant to
2 52 U.S.C. § 30109(a)(5)(B).

3 VIII. The Commission, on request of anyone filing a complaint under 52 U.S.C.
4 § 30109(a)(1) concerning the matters at issue herein or on its own motion, may review
5 compliance with this agreement. If the Commission believes that this agreement or any
6 requirement thereof has been violated, it may institute a civil action for relief in the United States
7 District Court for the District of Columbia.

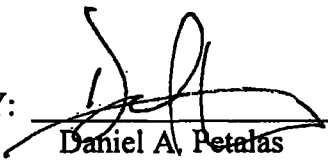
8 IX. This agreement shall become effective as of the date that all parties hereto have
9 executed same and the Commission has approved the entire agreement.

10 X. Respondent shall have no more than thirty (30) days from the date this agreement
11 becomes effective to comply with and implement the requirements contained in this agreement
12 and to so notify the Commission.

XI. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

FOR THE COMMISSION:

BY:


Daniel A. Petalas
Acting General Counsel

Date

8/31/16

FOR THE RESPONDENT:


Samuel K. Pate, Jr.

Date

7-8-2016